

# MANUFACTURING EXTENSION PARTNERSHIP

## Success Stories from the Field

### Red Oxx Mfg Inc

#### Montana Manufacturing Extension Center

#### Plant P&L Provides Sure Footing For Red Oxx

##### Client Profile:

Red Oxx Manufacturing makes soft-sided luggage for hunters, travelers, and outdoors people. The company also manufactures weight training accessories. Located in Billings, Montana, the company currently employs less than 20 people.

##### Situation:

After receiving inspiration at a lean manufacturing class conducted by the Montana Manufacturing Extension Center (MMEC), a NIST MEP network affiliate, Red Oxx's owners enlisted MMEC's assistance to devise a way of matching production capacity to customer demand, plus help them understand and control operating and employment costs.

##### Solution:

MMEC introduced Red Oxx to a simple, short-term profit-and-loss reconciliation tool--the Plant P&L--to help track profitability and make an impact on day-to-day management decisions. Because of the variety of customized products, this system is less cumbersome than other costing systems. The Plant P&L contains average operating and employment costs and is compared with a weekly production log to determine contribution margin. If items on the production log exceed the sale price minus cost of materials, Red Oxx knows it operated profitably. The information is stored in a historical log, giving a business health snapshot at regular intervals.

Red Oxx owners say they now know the costs for every bag type and all raw materials. Bags comprise 57 percent of the company business; thus, managing this information carries a significant impact on the company's success. Red Oxx can see performance figures long before month-end statements arrive and is proactively managing its expanding business. Charts and graphs are made using input data, which helps set expectations for production by five employees.

##### Results:

Adopted new profit-and-loss reconciliation tool.

Increased output by 15 percent.

Improving management decisions through accurate data gathering.

##### Testimonial:

[www.mep.nist.gov](http://www.mep.nist.gov)



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"Without accountability for expenditures, you cannot manage growth. The kind of organizing and information management the Montana Manufacturing Extension Center provided is smart for any business. I'd recommend it to everyone."

Jim Markel, Co-owner